MC0341

Capital Investment Manual

Project Organisation

NHS
Executive

This booklet is part of the *Capital Investment Manual*. It describes the key responsibilities that must be discharged to ensure the successful organisation of a capital investment project.

The *Capital Investment Manual* comprises the following booklets:

Overview

Project Organisation

Private Finance Guide

Business Case Guide

Management of Construction Projects

Commissioning a Health Care Facility

IM&T Guidance

Post-project Evaluation

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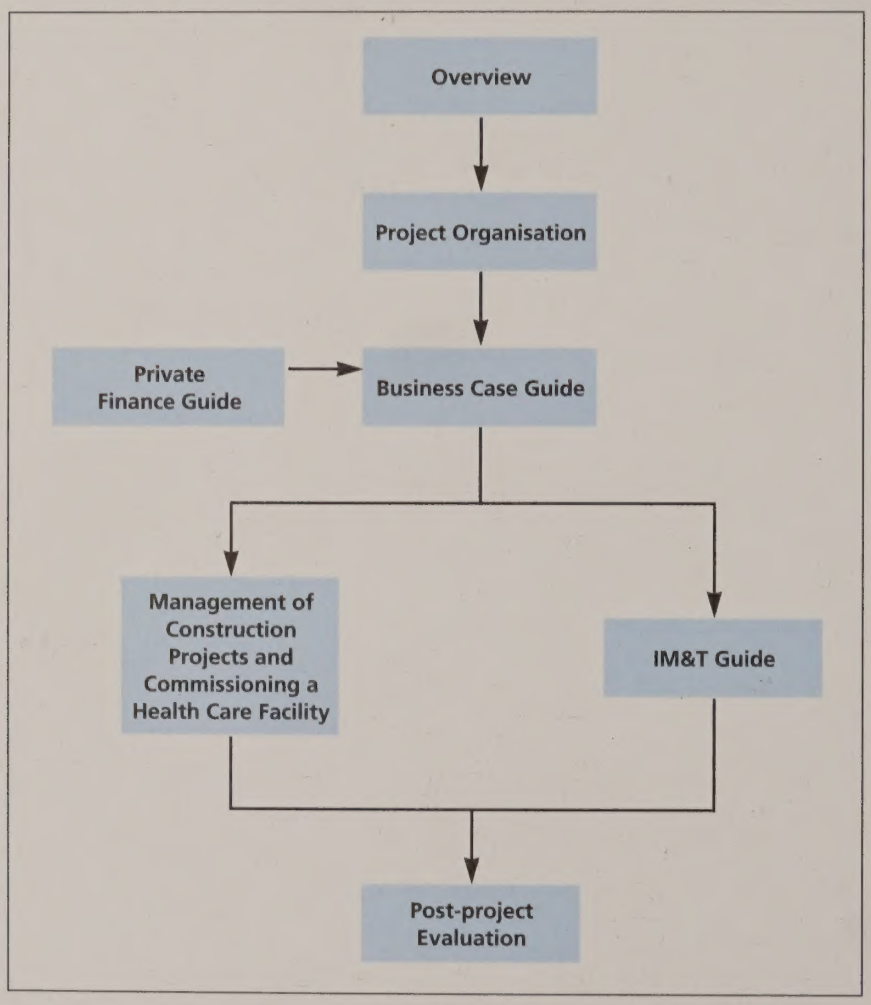

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Introduction

The NHS Reforms have drawn the attention of Trusts to many aspects of business management. They have led to the delegation of a more comprehensive set of responsibilities, requiring the management board not only to address the delivery of health services, but also to ensure the long-term viability of the Trust as a distinct unit of business within the NHS. The task is complex, and demands a sophisticated and flexible approach to management.

The transfer of responsibility from central and regional groups within the NHS to the Trust for the delivery of capital investment projects on time, and meeting cost and quality criteria, requires the Trust to take total ownership of the capital investment process. This is commensurate with the increased freedoms and responsibilities of the Trust. But the Trust must be aware of the organisational implications in order to ensure that the enthusiasm which is becoming a permanent feature of an NHS Trust is matched by a structure which can ensure delivery.

This booklet describes the key roles and responsibilities which must be discharged at each management level for any capital investment scheme. It then outlines recommended structures for managing construction and information management and technology (IM&T) projects, which between them form the vast bulk of capital investment schemes.

For schemes requiring NHS Executive approval, Trusts will be required to demonstrate that they have appointed individuals with the necessary skills and training, and have a project organisation in place to provide an appropriate and effective management structure.

In particular there is a need to ensure that the project organisation and decision-making structures are owned at the highest level within the organisation. Project organisation structures that only ensure that the specific functional and technical skills relevant to the project are available cannot achieve this. The traditional role of estates and IM&T professionals in managing projects in these fields is not sufficient, as it can lead to a lack of ownership, understanding and knowledge of the project at a senior management level. Projects must be organised in a way that ensures that the wider business objectives of the organisation are met. The Trust Board will be accountable for the successful delivery of capital schemes and the chief executive must take full responsibility for the management of all major capital projects at all stages of their development.

It is especially important to ensure that the roles of project *ownership* and project *management*, i.e. defining what must be done and doing it, are not combined.

Project Roles and Responsibilities

1.1.1 Before any project is initiated, the Trust should establish where decision-making authority will rest, and what management structure will be put in place to support the decision-makers and undertake the day to day activity.

1.1.2 Organisational titles can be confusing, as different people call committees or individuals with a particular responsibility by different names. Titles, however, are unimportant provided that the organisational principles are maintained. Those principles are:

(a) the trust takes responsibility for the project and must not cede that ownership to external contractors;

(b) Chief executives will be responsible for the management of major capital schemes at all stages of the process, from inception to post-project evaluation;

(c) 'management by committee' must be avoided. Responsibility for performance must rest with named individuals. Any involvement of the Trust Board or other committee should be restricted to providing authority to proceed at key milestone events, and must not interfere with individuals' clearly defined roles in managing projects;

(d) each person's responsibility and delegated authority must be made clear. They must have enough resources to carry out their responsibilities, and authority to enable them to make decisions promptly;

(e) communication lines should be kept short, clear, and direct.

1.1.3 For any project, three major in-house roles need to be clearly defined as follows.

The Investment Decision-Maker

1.2.1 The Investment Decision-Maker (IDM), usually the Trust Board or its equivalent for other NHS organisations, decides whether to invest financial and human resources in any given project, and correspondingly will have ultimate responsibility. This decision will be based on the business case for the project which compares the investment required to the anticipated benefits whilst assessing the risks associated with the project. They must consider whether the project fits the strategic direction of the organisation, its short- and long-term affordability, and whether or not it represents the best use of resources – are there more beneficial projects that could be carried out? The IDM will be ultimately accountable for the successs or failure of an investment decision and the delivery of the project.

1.2.2 The project is normally identified through the strategic and business planning process, and the IDM will prioritise all project business cases to ensure a maximum return to the Trust from the resources available for investment.

1.2.3 The IDM must demonstrate visible commitment to the project, ensuring that the project is actively promoted throughout the Trust. Oversight must be maintained to ensure that the business case remains valid and the project objectives are achieved through appropriate organisational arrangements and reporting mechanisms.

1.2.4 In summary, the key responsibilities of the IDM are to:

- ensure that a viable and affordable business case (cost vs. benefit) exists for the project, with the revenue impact of the project clearly identified;
- ensure that the business case remains valid;
- maintain visible and sustained commitment to the project;
- ensure that the role of project sponsorship is established and understood, with appropriate representation and commitment;
- define the project owner's terms of reference;
- authorise the allocation of funds to the project;
- oversee project performance through cost and schedule performance; and
- resolve any issues which fall outside the project owner's delegated authority.

Project Ownership

1.3.1 The project owner, usually the chief executive, defines the project objectives and is responsible for ensuring that they are met to the agreed time, cost and quality constraints.

1.3.2 The project owner represents the IDM in defining what is required, and oversees the effectiveness of the project management team. They will ensure that an appropriate project management structure is in place to deliver the project objective, and that the benefits are realised.

1.3.3 The project owner provides a broad specification of what the project should deliver,

and ensures that any change in circumstance affecting the project is evaluated and appropriate action taken.

1.3.4 In summary, the key responsibilities of the project owner are:

(a) to agree the business case and budget for the project, ensuring it meets the business objectives, for approval by the IDM;

(b) to establish an appropriate project organisation structure and communication processes;

(c) to recruit a project director (or project manager) and define terms of reference;

(d) to ensure that a brief is developed which clearly defines the product and is agreed by the users;

(e) to establish a progress and reporting procedure to determine the performance of the project;

(f) to approve all changes to the scope of the project and the approach to delivering the product, including the role of arbiter on any disputes which occur on the client side;

(g) should there be a trend toward cost escalation or delay, or if the objectives of the project change radically, to alert the IDM with a recommendation on action to take;

(h) to ensure adequate resources are made available to the project director for the delivery of the project; and

(i) to be seen to demonstrate commitment to the project, clearly promoting it and the benefits that it will bring.

Project Management

1.4.1 A project management structure must be created to provide a single point of responsibility for the project brief and product design, and for the day to day oversight of progress. Trusts will, however, rarely have the capacity in-house to develop and manage all aspects of a project. It will therefore usually be necessary to contract professional advisers and consultants during the course of the project.

1.4.2 The individual responsible for project management will usually be known as the project director (for construction schemes) or the project manager (for IM&T schemes). The term 'project director' is used for construction schemes in preference to 'project manager', to differentiate between the client side management responsibilities and the consultant 'project manager', who is contracted to co-ordinate and oversee the professional consultants and contractors.

1.4.3 The project director/manager will:

(a) be aware of the business objectives and corporate management culture;

(b) develop the business case and budget for the project;

(c) produce the brief and project plan;

(d) ensure that all work is defined in a manner suitable for purposes of control;

(e) lead and direct the efforts of the project team towards the successful delivery of the project objectives as determined by the owner;

(f) ensure that adequate communication mechanisms exist within the project between the project and external organisations, and between the project and the rest of the Trust;

(g) ensure that all work is planned, resources are made available and work is carried out in accordance with the project plan;

(h) let contracts and monitor performance of external contractors;

(i) ensure that adequate procedures are in place to monitor and control cost, time and quality;

(j) provide a regular progress report to the project owner identifying cost, time and quality performance;

(k) provide decisions to contractors and ensure that procedures exist to identify and resolve issues which will affect cost, time or quality performance;

(l) ensure that procedures are in place to handle any changes that are requested by the project team or users;

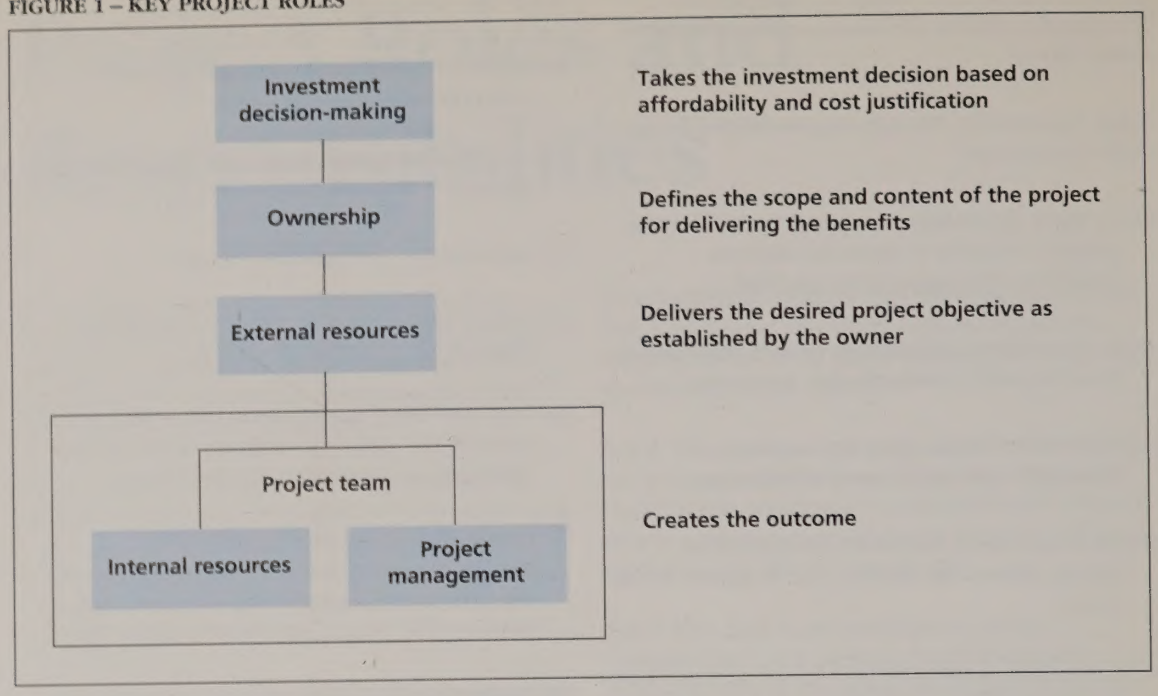
(m) make sure that the project is completed and handed over to the Trust in a managed way; and

(n) arrange the post-completion evaluation of the scheme.

1.4.4 Ideally, the same individual should undertake the project director role throughout the life cycle of the project. It may, however, be necessary to switch responsibility between individuals as the scheme processes. For a construction scheme, someone with business management skills may undertake the early work to secure approval of the Outline Business Case, and then hand over to someone with construction experience when the project moves into the delivery phase.

1.4.5 The key project roles are summarised in Figure 1.

FIGURE 1 – KEY PROJECT ROLES



Organising Construction Projects

Introduction

2.1.1 The overall project objective must relate to improvements in a health care system. The organisation established to manage the design and construction stages of a project must be considered in the context of other related activities which must be undertaken in the Trust to meet its primary objective of providing health care. Those other activities include such things as employing and training the staff to operate and maintain the facility, redeploying staff from other locations, closing down facilities which are being replaced, and establishing the management and operational procedures to be used when the project is complete. They take place at the same time as the project is being undertaken, and must be co-ordinated with it. They may be the responsibility of the project director or they may be treated as separate projects in their own right managed by someone else. For the purposes of this section, project shall mean the construction project only. All other projects required to deliver the health care system will be known as the development programme.

2.1.2 NHS Trusts rarely have either the capacity or capability to design and build new facilities. To attempt to do so would present an unacceptable risk. This risk is assigned through a series of legal contracts to third parties who have the necessary skills and capacity to do the work required. Typically, there will be a need to engage experts in construction project management, architects, quantity surveyors, design contractors, building contractors and equipment suppliers.

2.1.3 Construction projects are inherently at risk of overrunning on time and cost. Such failures are almost invariably traced back to weaknesses on the part of the owner and not the professionals and contractors engaged to deliver the construction project. Weaknesses arise largely from poor internal management by the owner, with major failures arising in such key areas as:

- ceding ownership responsibilities to the contracted professionals, who are left to make decisions on behalf of the owner in the absence of any clear direction;
- inadequate project definition by the owner as a result of insufficient consultation with users or the refusal of users to be specific about requirements at key decision points. Major changes by the owner once the construction project has started can attract high penalties in terms of time and cost overruns; and
- inadequate reporting arrangements and decision-making within the Trust leading to confusion over where authority lies for decision-making and accountability.

Inadequate oversight may result in the Trust knowing too late when something has gone wrong, leaving little scope for corrective action.

2.1.4 To minimise these risks it is vital that the Trust puts in place an organisation where lines of accountability are short and the responsibilities of individuals clearly defined. Wherever possible, the involvement of committees in decision making should be minimised to avoid time delays and confused responsibilities. The complexity and pace of construction projects often demand immediate and clear directives to be issued to the consultants and contractors engaged on the project, who must have a clear understanding of where authority lies. It is particularly important to ensure that users and other officials within the Trust do not issue instructions direct to consultants and contractors. This may lead to situations where the individuals involved are not accountable for the consequences of any penalties which might arise on time, cost or quality. The way the Trust organises itself internally, and how it structures the interface with the consultants and construction professionals, is just as important as the management oversight of the performance of the contractors.

2.1.5 By placing contracts with an outside organisation the Trust establishes formal and legally binding relationships. These relationships must be carefully managed by ensuring that internal roles and responsibilities within the Trust have been defined to enable both parties to meet their contractual obligations.

2.1.6 High-profile construction projects which go wrong frequently attract the attention of media and Parliament. The NHS Executive is, therefore, particularly interested in the way Trusts organise and manage major construction projects. It will wish to ensure that the following arrangements are in place:

- the Trust must include as part of the Full Business Case submission details of the project organisation which will be set up to manage all aspects of the construction project and other related activities.

- the Trust must contain the cost of the construction project within its External Financing Limit and the consequential impact

on pricing as a result of any cost overrun will have to be borne by the Trust.

- the Trust Board should ensure that the performance pay of managers charged with specific responsibilities in relation to the delivery of the project should be closely linked to the final cost and time performance of the construction project.

2.1.7 The NHS Executive will continue to monitor the performance of construction projects in progress by means of the reporting system described in *Management of Construction Projects*. If monitoring reports indicate that there may be cause for concern with regard to the performance of the construction project, the NHS Executive will ask NHS Estates to undertake an on-site project audit. These audits are not intended to be punitive but to bring professional advice to bear which might assist the Trust to bring back the project into line.

Trust Internal Organisation

Trust Board

2.2.1 The Trust Board should be the IDM for large projects. The Board should monitor cost and progress of all capital investment projects at regular meetings, normally on the basis of exception reporting. If problems are identified, it needs to be satisfied that appropriate steps are being taken. It should also ensure that propriety is being maintained in the placing and management of contracts, including, for large contracts, approval of the tender list and authorisation to let the contracts.

Chief Executive Officer

2.2.2 The Trust CEO is accountable and is responsible only to the Trust Board. In the context of the Trust's overall objectives, the CEO may be the only person with total responsibility for both the project and any other related activities. To emphasise this accountability, the CEO is given the project-specific role, title, and responsibility of project owner. There must be no doubt of the CEO's commitment, and she/he should not hesitate to intervene when difficulties arise or greater authority is required. The broad responsibilities of the CEO are listed in the opening section of this booklet.

2.2.3 The CEO will ensure that the development programme and each of the projects identified within it are managed in an appropriate manner. She/he will also review the business case throughout the duration of the development programme.

Project Board

2.2.4 For large or complex schemes, the CEO should establish a project board to represent the wider ownership interests of the project so as to maintain co-ordination in the delivery of the Development Programme.

2.2.5 The project board should comprise senior staff from within the Trust who have an interest in the project and whose activities will be affected by the project. This is likely to include representatives from:

- Clinical Areas, both direct care and clinical support services;
- Clinical Management;
- Service Departments, Estates, Facilities, Finance, IM&T, Personnel.

2.2.6 During the development of the Outline Business Case (OBC), a formal project organisation within the project board may not be in place, and the project board is effectively the project team for the Business Case, supported by external consultants and advisers as necessary. The CEO may personally project manage the creation of the business case or, at this stage, appoint a project director for the task. Where the business case represents a complex restructuring of the Trust's business, it is likely that there will be a development programme containing many projects. In this case, a development programme director may be identified who is responsible for the complete Business Case; a project director may be identified later to lead the construction project.

Project Director

2.2.7 The project director has the responsibilities for project management described in the opening section. For a construction project, the role embraces three primary tasks:

- managing the Trust interest in the project, including co-ordination of user interests and the production of the brief for the contractors;
- appointing consultants and contractors who will undertake the design and construction activity and ensuring that they deliver according to the construction project programme; and
- acting as the point of contact in all dealings with contractors, consultants and other external organisations involved in the construction project and providing all decisions and directions on behalf of the Trust.

2.2.8 For major projects, the role of project director is regarded as a full-time responsibility and should be carried out by a senior member of staff from the Trust who is able to influence, make decisions and resolve conflict. Delegated authority from the project owner to the project director must be made explicit and should cover financial authority, ability to direct resources, and agreeing the process for reaching decisions relating to the project. A formal document of appointment to be signed by the CEO is included in the *Management of Construction Projects* booklet.

2.2.9 The qualities which should be sought in a project director are:

- a good appreciation of the business planning process of the Trust;
- being conversant with the Trust financial regime and the effects of spending decisions;
- a good knowledge of the modalities of different kinds of health care delivery;
- the ability to challenge orthodoxies;
- a good manner, fostering the working of the project manager and the design team;
- being a good communicator and motivator;
- a knowledge of capital procedures;
- the ability to develop a good understanding of the design and construction processes;
- the ability to take risks and quantify the effects of these risks;
- innovative and imaginative with a commitment to quality; and
- not being afraid to learn from past experience and to seek it out when necessary.

2.2.10 Many Trusts will not have a person available to become project director who has suitable professional qualifications or construction experience. Such experience is preferable, but not essential – specialist skills can be brought in from outside. However, it is vital that the project director fully understands the Trust's operations and organisation, has the management skills necessary to drive the project and motivate the staff, can view the project from a general management perspective, and is commercially astute and experienced. Training courses are available and inexperienced project directors should be sent on them soon after appointment.

Professional Adviser

2.2.11 Project directors who are inexperienced or who have not previously been responsible for a major project may need professional assistance to fulfil their project responsibilities. The CEO is responsible for making sure that the necessary professional expertise is available to such project directors; the appointment of an adviser may fulfil this need. The adviser may be appointed to help with the preparation of the Full Business Case and be retained during project implementation.

2.2.12 The adviser will support and advise the project director on issues relating to their role within the project, both client side and project management. They will be experienced in construction and design processes, with sound commercial skills. Knowledge of the organisation and culture of health care facilities would also be an advantage.

2.2.13 The adviser will not undertake project management, but will help with the appointment of the project manager. After the appointment of the project manager and other consultants, the adviser will provide independent advice to the project director on:

- actions, decisions, and approvals required from the Trust;
- interpretation of reports and recommendations submitted by the project manager and advice on when, and what, action is needed as a result;
- the adequacy and contents of the project execution plan; and
- internal Trust matters affecting the project.

2.2.14 The adviser may be recruited from one of the agencies established within the NHS, be an individual external consultant, or be seconded from a contractor or firm of consultants. Whatever the source, the adviser must operate as a part of the Trust's internal team, responsible directly to the project director and without any potential conflicts of interest.

User Panel

2.2.15 The requirements of end users must be obtained in a systematic way; the brief, which sets out these requirements in a formalised and technical manner, must be endorsed and accepted by them. This requires consultation within the Trust with both medical staff and those responsible for operating the various ancillary services. The user panel is the body representing the end users established to facilitate this process. It must understand its role, have authority to make and stand by decisions, and complete its work effectively and to programme.

2.2.16 The user panel will normally comprise representatives of each of the relevant service departments, in each case authorised to define their departments' needs and to review and agree how those needs are to be met. It should also include a finance representative able to consider the implications of the end users' requirements for the financial viability of the Project.

2.2.17 The user panel does not have a direct executive function in overseeing the project director and cannot instruct the director on the management of the project; however, but it does have an executive role in the definition of the brief and must be held accountable as a body for that. Once the brief has been agreed, the project director is responsible to the user panel for ensuring that its requirements are implemented; the user panel should monitor the project during design and construction to satisfy itself on that count.

2.2.18 The user panel must understand that it has no authority to change its requirements after the brief has been agreed and frozen. It may request the project director to make a change; the cost and other consequences of the change will then be considered and a decision made by the project director. The final decision rests with the CEO if the user panel will not accept the project director's decision.

External Resources

Project Manager

2.3.1 The project manager is a professionally qualified person who will be responsible to the project director for obtaining, managing, and monitoring other external resources – consultants, contractors, and suppliers – necessary for the completion of the project.

2.3.2 For a large project, a professional firm, or building contractor specialising in project management, will be appointed as project manager. For a smaller one, it may be a suitably experienced and qualified individual. If a firm is appointed as project manager, it will nominate an individual who can call on all the resources of the firm.

2.3.3 The project manager must have systems available to control and manage the work, in particular cost and time, to monitor the work of other consultants, contractors, and suppliers, and to make regular reports to the project director. The project director must specify the duties of the project manager, and ensure that project management duties are carried out efficiently and to the project director's satisfaction.

2.3.4 The selection of a project manager in competition is one of the most important decisions which the project director will have to take, and could have a significant impact on the cost of the project. The project director should follow the guidance in CONCODE and make full use of the adviser's experience if one has been appointed.

2.3.5 While the project director is responsible for establishing the project organisation in the first instance, the project manager will both implement it (except in choosing the internal Trust personnel) and establish the way it will operate in more detail. She/he will prepare and keep up to date a project execution plan (PEP), covering the way the organisation operates.

2.3.6 The responsibilities of the project manager and the supervisory role of the project director are set out in detail in the document *Management of Construction Projects*.

Other Consultants

2.3.7 Design consultants – architects and M&E engineers – and quantity surveyors should be appointed after the project manager, who should assist with their appointment. Although managed by the project manager, their appointment will be made by the project director. Their responsibility will be to, and their contracts with, the Trust. The project director should follow the guidance in CONCODE and make full use of the adviser's experience if one has been appointed.

2.3.8 The quantity surveyor (QS) has a key role in estimating and controlling the cost of the project and in settling the final accounts with contractors. She/he should be fully independent of both the design team and the project manager. Selection of the quantity surveyor should be separate from that of the design team, which should not participate in the recruitment process; the quantity surveyor's role in managing costs during the design stage may otherwise be compromised. Although the quantity surveyor reports to the project manager, the project director should have direct access to him or her for independent advice on costs and estimates.

2.3.9 For smaller projects, it may be necessary to combine some of the assignments in a single contract with one consultant in order to reduce costs. The project director should recognise that, if this is done, there is a risk to the independent advice of the project manager and the QS and to the authority of the project manager over the rest of the team. To minimise this risk, the project director should make sure that there is a clear organisational distinction within the consultant's organisation between the project management function and the other activities. The project manager should have authority over the other members of the project team, particularly designers.

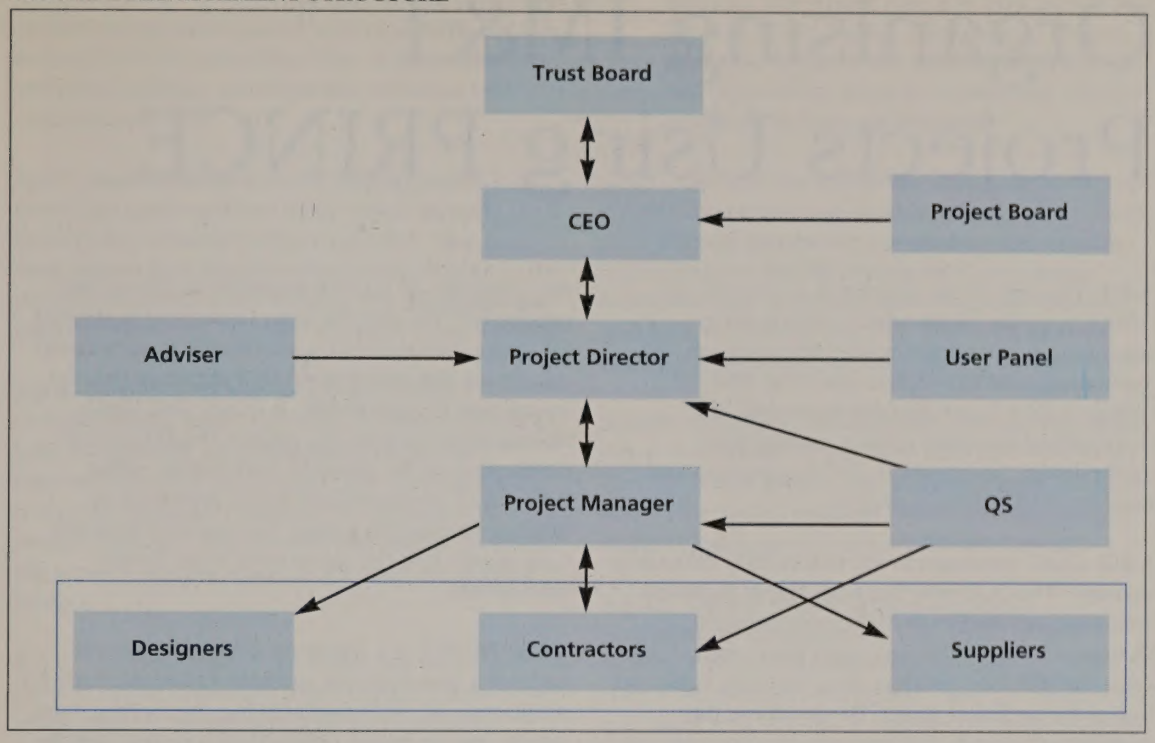
The Management Structure

2.4.1 The organisation shown in Figure 2 is for projects using the traditional contract procurement strategy, but will not vary significantly for those following other procurement routes. The same principles apply to both large and small projects, but on the larger or more complex ones the project director is likely to have a support team.

2.4.2 The role of the project director in relation to the project manager during the implementation stage of a project is crucial to ensure that this structure operates efficiently and effectively, so securing the success of the project. The project director should keep in mind the following guidelines:

- the project director, representing the Trust, will lead, not follow;
- no matter how much responsibility is delegated to the project manager, the project director will retain ultimate authority and therefore must have adequate knowledge and information about the project to exercise that authority properly;
- the project director must make clear to the project manager and the project team the precise extent of any delegated authority, together with those decisions reserved for the project director;
- the project director must ensure that all formal communications with the project team are

FIGURE 2 MANAGEMENT STRUCTURE



routed through the project manager. This enhances the project manager's authority, and prevents any misunderstanding within the team. Nevertheless, some direct communication between end users and the design team will usually be necessary, particularly during the finalisation of the Brief; it should always be controlled and managed by the project manager;

- the project director will establish and maintain regular informal contacts with the project team, with the aim of fully understanding the issues of the day and of establishing a teamwork approach and trust.

2.4.3 Lines of communication and points of authority must be respected at all times. To fulfil the Trust's responsibilities, the project director must:

- monitor and manage the project manager's performance of delegated responsibilities;
- define the criteria for the control and management of the project;
- monitor the project manager's implementation of control and management systems;
- assist the project manager in the resolution of problems;
- act as the focal point of contact between the Trust and the project manager;
- ensure that the project manager receives decisions from the Trust on time;
- receive and review detailed reports on the project from the project manager;
- establish with the project manager a common approach to major issues which arise; and
- maintain at all times an overview of the project status in relation to the established objectives.

Organising IM&T Projects Using PRINCE

3.1.1 The aim of this chapter is to provide an overview of the issues which influence the organisation of an Information Management and Technology (IM&T) project and how PRINCE (*PRojects IN a Controlled Environment*), the Government Standard project management methodology, can assist in the organisation and management of such a project.

3.1.2 IM&T investments are notoriously difficult to manage. This is largely because highly technical solutions are used to provide non-technical facilities to users. The user must have control over what the resulting product does, but can easily get lost in the technical maze. To overcome this problem of control, it is essential that the user has appropriate control over the products of the investment. This can usually best be achieved within a project environment.

3.1.3 Project management is not a complete answer to the management of capital investments in IM&T. Until the initial decisions to invest is made, a project to manage that investment cannot exist. Similarly, many capital investments only achieve the expected benefits long after the project has terminated, and continuous management of benefit realisation is required to ensure that the investment achieved its goals. (See *IM&T Guide* booklet.)

NHS Project Management and the Capital Investment Process

3.2.1 Use of the PRINCE project management methodology is mandatory for controlling large capital investment projects, and strongly recommended for control of others, because it addresses the key requirements for ensuring a successful project by providing:

- strong management structures with clear and appropriate involvement of users, technical and business managers from the project inception, and well defined authority and responsibilities for all project personnel;
- quality procedures as an integral part of the control process;
- control processes requiring continuing monitoring of the Business Case's viability, and regular reaffirmation of the viability of the project for it to continue.

3.2.2 A project has been defined as a 'management environment set up to deliver a business product to a specified business case'. The role of formal project management is to optimise the capability of this environment to deliver the product(s). The environment (a project) is created by senior management appointing a project board to oversee the investment, after deciding that the investment is appropriate. It exists until senior management accepts the project board's formal notification of the project's conclusion, either because all products have been delivered, or because during the project the updated Business Case shows that the investment is no longer appropriate.

3.2.3 PRINCE is a framework for management, and not a development method. Other methods for production of, and standards for, the management, quality and technical products of a project will be used. Thus, within a PRINCE project other techniques can be readily integrated and it is strongly recommended that appropriate formal techniques are used, in particular:

- the CRAMM IM&T risk analysis method;
- the STEP procurement standards; and
- the POISE IT procurement method.

(See also the *IM&T Guide*).

Using PRINCE effectively

3.3.1 To succeed, a project will need three features above all:

- commitment of all parties involved to success of the project;
- the right resources available at the right time; and
- strong management dedicated to the success of the project.

3.3.2 The key to effective project management is securing the correct level of involvement from user, business, financial and technical interests to ensure ownership is felt and properly exercised over the project products. The PRINCE approach to this is to set up a project board which has full authority over production of the expected products. It involves senior user, technical and business interests, which have full authority to continue or recommend abandonment of the project based on the Business Case on which it was started. They should have managerial responsibility for the resources to be used to produce the product, be it staff, financial or other resources.

3.3.3 PRINCE assumes that the identification of an IM&T project, and the contribution it will make to the overall business of the Trust, would have been established through the information management and technology strategy. This strategy would

identify a range of IM&T projects, set technical and project management policy and establish a suitable technical environment (the type of hardware, operating systems, development software, and communications).

3.3.4 Implementation of the strategy needs to be driven by a management body which includes, or is directly accountable to the Trust CEO. That body must ensure that the inter-relationships between the projects supporting the Strategy are managed, and adequate resources are made available to each project.

3.3.5 Each project will be set up by this commissioning body, and will eventually report to it on completion, or if completion becomes impossible within the budget. The commissioning body will normally nominate the project board and project manager, and provide the outline brief for the project, against which it allocates the project budget.

3.3.6 The first tasks of the board are to ensure that the rest of the necessary project organisation is in place, and to commission a project initiation document in which the purpose, end-products and Business Case for doing the project are clearly defined. As part of this process of initiation, the feasibility of the project will be checked and agreed by the project board. If this check shows that the Business Case is no longer valid or significantly different from that on which the project was set up, the project should not proceed until the commissioning body has affirmed that it should.

3.3.7 PRINCE assumes that there are three interests in any project:

- the business interest, which provides the funding for the project and agrees the strategic requirements for action;
- the user interest, which represents the end user(s) of the project products, eg. the users of a computer system; and
- the technical interest, which represents the developers of the products.

3.3.8 PRINCE ensures the correct representation of these interests through an organisation involving both senior management and development staff in ensuring the success of the project. To do this, it recognises the following roles:

- a project board (PB), which represents the three interests at a senior level, and takes all major decisions. It authorises the start of each project stage, and accepts completed products, ensuring that they are delivered on time, to quality and within budget;
- a project manager, whose role is to manage the whole project on behalf of the project board, and to keep the board fully informed on progress and problems. For a project to be successful, the project manager has to have both the ability and the authority to control effectively the use of the budget and resources on the behalf of the project board;
- a project assurance team (PAT), which again consists of representatives of the three interests, but whose role is to give advice and support to the project manager and project board on behalf of the interests it represents, and to assist the project in obtaining relevant resources as they are required.

3.3.9 Note that the above are roles, not posts. Depending on the size and complexity of a project, each interest may be represented by one or more individuals on the PB and the PAT, or a single individual may represent more than one interest and fulfil more than one role. But each interest must be represented on both the PB and the PAT.

3.3.10 The project management role may be carried out at two levels, by a project manager who looks after the whole project, and stage managers, accountable to the project manager, who look after discrete stages or packages of work within the project.

3.3.11 PRINCE expects compact project management arrangements with small project boards. The capital investment process for IM&T is often complicated by a system having a variety of end users. PRINCE has a number of devices within it to prevent the project board becoming unwieldy:

- larger projects may be split into a number of smaller projects, giving each of the users authority only in the area where they should exercise it;
- besides the project board, involvement may be at other levels, e.g. in the quality control process or in user liaison. Each level has responsibilities attached to it and it may be that the user responsibilities are more appropriately exercised at these levels than at board level;
- clearly defined authority and responsibility at all levels should ensure that the user is involved at project board level only if they must be to ensure that the project is successful.

3.3.12 PRINCE itself is a framework which enhances the chances of success. It does not guarantee it. To work effectively it needs intelligent application. The project manager needs both ability and experience. Where experience is lacking, some can be supplied by other people of experience, e.g. consultants, to support the project manager. Where ability is lacking, the project will almost certainly fail. Insufficient user involvement or excessive user representation in the management organisation are also likely causes of failure. Users should be involved from inception to acceptance, and must have a clear share in the management of the investment to get full benefits.

References

- PRINCE is defined within the *PRINCE Manuals*, published by NCC/Blackwell.
- Two Guidance volumes *Practical Project Initiation* and *PRINCE for Project Board Members* are available from the IMG ME.
- A formal method for IM&T procurement is defined in the POISE reports available from NHS Supplies Authority.

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